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National Hospitality Conference 2010: a Report

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National Hospitality Conference – Promoting Dialogue

Four Seasons Hotel, Ballsbridge, Dublin 1st November 2010

Theme of the Conference – *Seizing the Opportunities*



DIT Bar Management Students & their Lecturer – James Murphy at the 2010 Conference

Speaker: Ms. Mary Hannifin – Minister for Tourism, Culture and Sport (Main points)

- Upcoming budget impacts (business concerns, impact on families)
- Impact of consumer spend on overall hospitality business
- Consumers are hoarding their money due to lack of confidence (i.e. €15.4 Bil in Credit Unions alone)
- Importance of selling the message of Ireland *good quality and good value*, 98% tourists surveyed state that they enjoyed holidaying in Ireland
- Technology is important but personal contact is crucial, back to the hands on approach and putting the face on our product *face to face*
- Mentions of the global economic forum
- Major investments in buildings are paying dividends (AVIVA / Convention centre), major events coupled with recognition for our literature, sport all helps to drive international interest
- The product, service, professionalism and quality of our businesses will help to drive the hospitality industry (helping eventually the country)

Speaker: Mark Fielding (Chief Executive Officer- ISME) – (Main points)

- Importance of hospitality (what better and least expensive is this product that is hospitality to the country)
- Get rid of Tourist Levy – Its cost overweight its benefits remember *if you want to win you must first compete*
- Access to finance is difficult and Business costs are rising (The period 2002-2009 costs rose: Electricity 65%, Gas 120%, Local Authority Rates 42%, Water 120%, Waste Charges 158%, Retail rental rates 37%, Labour costs 45%, Petrol 48%, Diesel 57%)
- Axis of evil – non regulation of the banks and false profits of the banks lead to our problems
- Treat of EU (IMF) intervening into Ireland finances – we need leadership, costs of doing business is too expensive, Government efficiencies are slow (public sector reform)
- We must continue to identify the key performance indicators

Key resolutions

1. Prepare for the worst don't wait – business continuity plan setting out an organised response
2. Continue to control – cash flow you must become anal (portions of food, credit all areas), use prompt payments
3. Examine your suppliers (partner purchasing programmes (ISME offer bulk purchasing programmes)
4. Business Plans (examine & update regularly) you must spot feasible ideas.
5. Prepare for interest rate rises (calculate overheads, costs and impact of interest rate rises). Careful when you re-negotiate hidden costs)
6. Secure yourself against business crime (adhere to Irish standards, get proper risk assessments done).
7. Comply with business legislation (new laws coming be ready for inspection on your business), changes in the employment legislation coming soon, follow procedures, findings of ISME that over 90% of problems with businesses occur but not following procedures, 2/3 of calls to ISME are employment related
8. Keep staff safe (comply with relevant legislation, falls injuries to staff & clients etc), minimise your exposure

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9. Reduce waste (introduce recycling to rise profits)
10. Take time to relax (average boss works 12-14 hours per day, got to be careful), learn to delegate, micro manage

Don't let the bastards grind you down

Speaker: Senator Fergal Quinn – Founder of Superquinn – Main points

Senator Quinn is also now an adjunct Professor to NUIG Galway and is currently working with RTE on the Retail Therapy Series. His father ran the Red Island holiday camp in 1947 in Skerries with 250 bedrooms and all in holiday so you had to be prepared always. He put forward his 7 main points . Whenever you believe you can or cannot your right – *Believe in yourself*

B. Boomerang principle – getting the customer back, make your business decisions on getting your customers back, taking the long term approach.

E. example, lead by example your own behaviour in your business is crucial, mutual respect. A sense of what is right, ethical and moral decisions. Whatever the boss and management does matters !!

L. Listen to customers and staff, Name cards, customer and staff panels meetings brainstorming session's new ideas

I. information, loyalty cards, sense of satisfaction (wanting to go to work – how do we achieve this), be careful of the data we collect don't reward disloyalty (Fergal and his subscription to Magazine)

E. Elevate, make heroes of our people

V. Value don't forget the business your in (giving lower prices, value). The business barrel (see photo) remember to look after our existing customers, don't spend too much time driving for more)

E. enjoy, (to succeed we must enjoy our success share this success)

Name badges = YCDBSOYA (*you cannot do business sitting on your armchair*. Try to attract the best people.

Remember the attacking team could be the backline. It's tough when your procession of the ball on your own backline use it wisely.



Senator Fergal Quinn speaks at the Conference

Professor David Russell (The Russell Partnership)

He is consultant to the 2012 Olympics in London, constantly pioneering F & B projects. The rules of the game have changed.

Trends / Tools / Technology

Trends – *they give us the opportunity to look into the future*

In the past it was the time crunch that drove different methods of distributing our food products. Portability of our products is still the challenge. Social Impluse Brands (SIB) – flexibility of SIBs for higher income earners will still be prevalent.

Technology

More accessible is the challenge (vending machines, telephone systems)

Consumers are more educated and engaged. Consumers state by over 90% satisfaction with the service of vending machines.

Life Values

Not just food

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Environment

McDonalds – colour change

Brand development debates – issues emerging

Ethical fair trade (how to demonstrate this)

Sustainability

Polarised demand (1980s undifferentiated, 1990 – segmented markets, 2000 Mass market, The future – polarised market (i.e. *brand Vs neighbourhood*)

Niche Targeting – concepts & product

Media Confusion

Health & Nutrition

Emerging Allergies / Intolerances – in this embedded in our business

Chinese Idioms – from the art of war which we can convert to business

‘we can fight without fear if we understand our businesses’

Tools

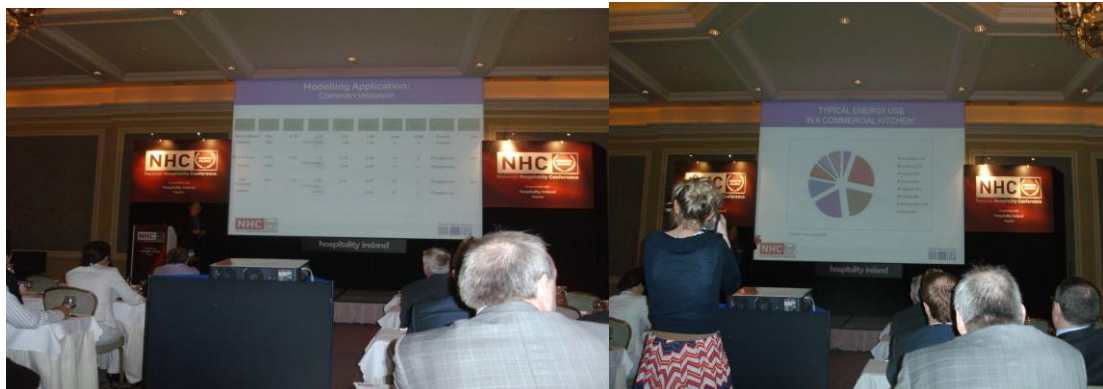
Menu engineering concept – using a scientific approach for your products (customer demand, sales mix, contribution to business). We must even consider the way items appear on our lists (menus) and their relevant prices.

Quick scan – technology which helps to identify the data and how to evaluate the business costs coupled with the Boston Matrix this helps generate overall business costs and contribution, using this methodology helps using these tools in the marketplace will help to drive value.

Intelligent Food Systems (see photo)

Process - EPOS - Automated Costs –

Potential Solution



Professor David Russell discusses the topic ‘Trends , Tools and Technology’

Costs in the Kitchen (ventilation 5%, Cooking 23%, Water 19%, Space 19%, lighting 11%, cooling 8%, refrigeration 5%, others 8%)

Water – infra red, knee operated system, pre-wash hose

Dishwater – waste water

Prime cooking – gas appliances too expensive converting to electric systems

The definition of insanity – *‘Keep doing the same thing and expect different results’.*

For new Businesses you must understand your environment / Build relationships / Deliver regular PR campaign.

Space modelling allocation – how we use our space (brining revenue throughout the day)

Evolution of the Bar Trade - Gastro Pubs interest continues (survival depends on learning new skills, food is used as the catalyst to retain business – introduce new campaigns

Speaker: Mr. Pdraig Cribben (CEO VFI)

Questions he considered: (a) breaking the current uncertainty in the business

(b) How we might get some solidity into it

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The role of the pub in Irish society is famous (meeting place, social discourse area, social outlet), Tourist still rate the pub as central to their enjoyment.

Where is the trade today (see the photo)

- ♦ Alcohol sales 2010 down 14.1% Jan to July
- ♦ Alcohol sales down 24% in period 2008-2010
- ♦ Food sales challenged
- ♦ Per capita sales falling
- ♦ Sales channels moved swiftly from the on trade to off trade



Padraig Cribben (CEO VFI) highlights the challenges to the Bar industry

How did this happen?

- ♦ Legislation and over regulation (smoking ban, banishing the grocery order which eventually lead to supermarkets using alcohol as loss leaders)
- ♦ Lifestyle patterns (cash rich time poor, cocooning effect – major investment in homes leading to staying at home high levels)
- ♦ Complacency (some operators taking their eye of the ball, others giving the industry a bad name)

Now we have cash shortages and lots of time

These are the areas to answer the above the questions

- (a) Primarily the answers must come from within
 - (b) Regulatory inputs (to drive leadership)
- ♦ Confidence needs to return: budgets deficit (linear progression of debts rising), public need a clear plan what's needed it's a major issue.
 - ♦ Airport Tax: because its obviously causing problems suspend it for 2 years to see if the tourists numbers rise – call Michael O'Leary's bluff
 - ♦ Commercial rates: tax on businesses, rising too much
 - ♦ Regulatory madness: one small bar must deal with 8 legislative arms of the state containing over 12 contacts (i.e. health & safety, Gardai, environment, local authority etc) We must seek to overcome all this to create more employment, sensible regulation is needed
 - ♦ Businesses must be fit for purpose 9each enterprise must minimise waste, control procedures (VFI have pioneered energy & water saving schemes (80% uptake)
 - ♦ Labour costs (needs control, must be careful of quality of service, retain minimum wage)
 - ♦ Customers are the oxygen of the business; customer is king, work from the customer back. There's a new order we must give customers a reason to come to our bars (value for money, good service be careful it's not always about price, 32% of all products bought in supermarkets are sold on promotion. The perception of poor value (pubs being expensive) it's about the total experience and ambience.
 - ♦ Staff are crucial (we must train our staff, training must be placed top of the agenda)
 - ♦ Events must be organised in bars
 - ♦ New forms of marketing are needed, phenomena of social media (facebook) is here to stay

Finally: Concentrate on your customer, business must be fit for purpose (be lean), regulation (we might get some help), Pull together & pool resources (focus on delivering excellence).

Padraig believes if we can get these issues sorted we can move forward for the industry.

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Speaker: Selected Panel Question and Answer session

(Panel members: *Myles Tuthill* – GM General Hotel, Dublin, *Claire Nash* Proprietor Nash 19 Restaurant, Cork, *Tom Cronin* Operations Manager North West Bars, *John Ennis* General Manager Grafton Lounge, Dublin .

Question: State of the nation question – are we coming out of the recession?

- ♦ Major investments (i.e. convention centre, AVIVA stadium) is helping city centre businesses coupled with infrastructure
- ♦ Visitors travelling within Ireland, some new businesses opened which are consumer oriented and price driven we are re-inventing the product
- ♦ Value 7 quality is challenge, spend had reduced we are dealing with the same volume of people spending less ‘the spend is now clever’. Need to capture the entertainment business locally.
- ♦ Reduce costs plan ahead with your finances

Question: Social media effect on business within the industry? (i.e. Facebook etc)

- ♦ Could be used a lot more.
- ♦ We need a Facebook strategy
- ♦ Facebook helps us to market yourself in a cost effective fashion
- ♦ Give your customers a reason to come in - you must interact with your customers on Facebook (offers, promos, events – the top reasons were discounts, upcoming events, image of your bar)
- ♦ 1.5 million people use facebook in Ireland
- ♦ Be careful of boring your customer – keep it relevant
- ♦ Every customer is a re-viewer they will vent their displeasure on facebook
- ♦ Remember there’s life before and after facebook

Question: Do we need a change of government

- ♦ Tourism and hospitality needs more recognition as a strong contributor of GNP to the government
- ♦ Careful when you promise change – remember Obama promised this and hasn’t delivered to date

Question: Industry bodies are they offering help in this period ?

- ♦ Industry bodies need a new voice in these times, more interaction and co-operation

Question: Getting young people to return to our businesses

- ♦ Give them an experience throughout the week not just the weekend.
- ♦ Customer excitement – how can you do things differently – changing your bar

Question: One major thing you have done to drive business this year?

- ♦ Cost effective marketing (using the old direct marketing – flyers delivered into local businesses and digital marketing – to increase customer
- ♦ Better packaging and sourcing finer foods focusing on allergy free foods and some quirky things – twittering, small signage and slicker service.
- ♦ Reduce draught prices 2% this drove sales up 7%
- ♦ Internet & IT – invested €12,000 redid my website (to incl facebook , twitter incorporate social media)

Businesses must consider more joined up thinking – clustering events and promotions – event lead activities nationally and locally to keep the business in your area. Think of the generosity of spirit – the philosophy to encourage cross business sharing. Linking up with local businesses

Speaker: Sir. William Hastings (Hastings Hotels)

‘Trends are more important than events’ – we must get over the challenges . William is a second generation bar owner who switched to running hotels. William loves the bar business he initially supplied locals with meeting places with his bars. He actually used his drink businesses to develop his hotels.

Evolution of hospitality: coaching houses (areas for horses), people starting organising travels – beginning of travel tourism. Introduction of railways gave access around the country trips to coast. Arrival of cars brought motels, arrival of sporting and major events brought conference hotels. Food revolution (regional experiences are now driving business). Government support is never enough. The hospitality industry far outstrips other industries to produce revenue and jobs – be proud of our potential.

Confucius quote: *‘choose a job like then you don’t have to work a day in your life’ .*

Hospitality has a future *‘family run businesses who take the long view will survive’*. Irish government must seek the right structure, tourism moved from luxury to a necessity. Young people must be confident of a career in the industry.

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Caesar Ritz quote: ‘ *the customer is always right but make sure he always pays* ’



Sir. William Hastings (Hastings Hotels) ‘*Trends are more important than events*’